

# 2008-2009 PERFORMANCE PLAN – Sr. Investment Officer, Real Estate (T. Eliopoulos)

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## Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	2 <sup>nd</sup> Quarter Status Update
20%	Non-Core Portfolio Performance	Total Non Core portfolio return (excluding REITS) before fees exceeds NCREIF Total Performance for the fiscal year ending June 30, 2009 (returns lag one quarter).	0 basis points = 0 +100 basis points = 1.0 +150 basis points = 1.5	-2,869 bps {(28.25) – 0.44}
10%	Global REITs	Excess returns in basis points of the Total Global Public Real Estate Equity Securities Return (SN2KA1) versus the equity FTSE EPRA NAREIT Global Total Return Real Estate Index (TEO).	-10 basis points = 0 +10 basis points = 1.0 +30 basis points = 1.5	-98 bps {(40.40) – (39.42)}
25%	Total Fund Performance	Excess return deviation in basis points relative to: Total Fund Performance Benchmark. {SJ1CA1 – CPERST02}	-40 basis points = 0 0 basis points = 1.0 +20 basis points = 1.5	-355 bps {(23.06) – (19.51)}
10%	Total Core Portfolio Performance	Excess returns in basis points of the Total Core Portfolio return before fees versus the Disaggregated NCREIF Total Performance, for the fiscal year ending June 30, 2009, (returns lag one quarter).	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5	-299 bps {(2.55) – 0.44}
5%	Core Industrial Sector Performance	Excess returns in basis points of the Total Core Industrial Portfolio return before fees versus the Disaggregated NCREIF Industrial Sub-Index, for the fiscal year ending June 30, 2009, (returns lag one quarter).	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5	-501 bps {(4.01) – 1.00}
5%	Core Office Sector Performance	Excess returns in basis points of the Total Core Office Portfolio return before fees versus the Disaggregated NCREIF Office Sub-Index, for the fiscal year ending June 30, 2009, (returns lag one quarter).	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5	-1,491 bps {(14.68) – 0.23}
5%	Core Retail Sector Performance	Excess returns in basis points of the Total Core Retail Portfolio return before fees versus the Disaggregated NCREIF Core Retail Sub-Index, for the fiscal year ending June 30, 2009, (returns lag one quarter).	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5	+138 bps {2.01 – 0.63}
5%	Core Multi-Family Sector Performance	Excess returns in basis points of the Total Core Multi-Family Portfolio return before fees versus the Disaggregated NCREIF Core Multi-Family Sub-Index, for the fiscal year ending June 30, 2009, (returns lag one quarter).	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5	+9 bps {0.38 – 0.29}
85%	Subtotal	Qualitative Measures		

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## Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	1 <sup>st</sup> & 2 <sup>nd</sup> Quarter Status Update
15%	Leadership	<p>Demonstrate a commitment to leadership and ongoing communication within the Investment Office and in the external investment community as follows:</p> <ul style="list-style-type: none"> <li>• <b>Employee Performance and Development</b> – By 6/30/09 ensure 90% completion rate for annual performance appraisals and employee development plans.</li> <li>• <b>Employee Mentoring and Recognition</b> – By 6/30/09, take proactive steps to coach and mentor employees, provide succession planning, and acknowledge staff (e.g. through activities such as providing training and development opportunities, holding recognition events, and effectuating the transfer of knowledge)</li> <li>• <b>360 Feedback Process</b> – <ul style="list-style-type: none"> <li>• By 12/1/08 begin the individual 360 feedback survey assessment process.</li> <li>• By 2/1/09 identify one to two areas of personal development.</li> <li>• By 6/30/09, participate in all personal coaching sessions provided and complete the development opportunity identified.</li> </ul> </li> <li>• <b>Investment Office Strategic Initiatives and Cultural Alignment</b> – Ensure the successful implementation of the strategy and cultural alignment efforts by completing the following: <ul style="list-style-type: none"> <li>• By 9/30/08, identify from our cultural profile an area in which we need to improve our culture and implement an improvement in my area by 3/30/09.</li> <li>• By 12/31/08, participate in a cultural reinforcement session with the Investment Office.</li> <li>• By 6/30/09, participate in the implementation of at least one Investment Office strategic initiative.</li> <li>• By 6/30/09, contribute to healthy dynamics and cultural alignment in the Investment Office (e.g. by demonstrating productive participation in meetings, communicating across asset classes, and clearly setting and communicating priorities)</li> </ul> </li> <li>• <b>External Investment Community</b> – By 6/30/09, represent CalPERS in the external investment community through a meaningful and substantive engagement as follows: <ul style="list-style-type: none"> <li>• Serve on at least one external board or committee; or</li> <li>• Conduct at least one presentation at conference or similar event; or</li> <li>• Write an article.</li> </ul> </li> </ul>	From schedule	<p><b>Employee Performance &amp; Development</b> Prepared and presented annual performance appraisals to all REU Portfolio Managers and Senior Portfolio Managers, which included plans for further career development.</p> <p><b>Employee Mentoring &amp; Recognition</b> Ongoing - Conduct “brown bag” lunches for the REU team to improve communication and culture within the organization. Provided oversight to management team to ensure the timely completion of probation reports and EPADS. Finalized the REU training and development plan, which includes projected costs and an implementation plan and submitted the plan to INVO in January, 2009.</p> <p><b>360 Feedback Process</b> Ongoing - Completed individual 360 feedback survey assessment process. Completed seven peer reviews throughout the quarter.</p> <p><b>Investment Office Strategic Initiatives and Cultural Alignment</b> Ongoing - Participated in INVO Senn Delaney reinforcement workshop.</p> <p>Identified REU cultural profile and working with senior team to address issues and improve the organization.</p> <p>Participating in the Cross Asset Investment Team (CAIT) and identified projects for review and for potential collaboration.</p>

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## Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule	1 <sup>st</sup> & 2 <sup>nd</sup> Quarter Status Update
	Leadership, cont.			<p>Overseeing, monitoring, and providing general guidance on the AREIS data base project, which will enhance analytics, research, and operational capabilities in REU, Fiscal and Performance Monitoring Unit.</p> <p>Actively participated in Board and senior staff briefings, media interviews and other informational events to apprise key stakeholders on the status of the Real Estate Portfolio.</p> <p>Reviewed and provided oversight for the 2007 Environmental Initiative Annual Report to Investment Committee, which was presented by PM L. Weir.</p> <p><b>External Investment Community Status – Ongoing.</b> In October 1-3, attended and participated in PREA Annual Meeting as a Board member.</p> <p>In November 2008, attended and participated in the Responsible Contractor Program Policy Workshop.</p> <p>On December 3-5, attended and participated in Core Annual Investment Plan meetings.</p>

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## Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule	2 <sup>nd</sup> Quarter Status Update
	Leadership, cont.	<ul style="list-style-type: none"> <li><u>Diversity - By June 30, 2009, actively promote and achieve diversity among our investment partners and staff by doing at least two of the following:</u> <ul style="list-style-type: none"> <li><u>Participate in at least one event designed to recruit staff to CalPERS</u></li> <li><u>Participate in at least one outreach, education, or networking event that supports diversity in the public pension fund partner/manager community</u></li> <li><u>Identify and gain approval for a diversity related initiative or project in the Investment Office or in the CalPERS enterprise(e.g., identify and implement a new emerging manager program, suggest and obtain approval for an outreach or educational event, identify and eliminate a requirement in an existing program that may serve as an artificial hurdle for new and emerging firms, or identify and implement an expansion or enhancement to an existing diversity program or effort)</u></li> </ul> </li> </ul>		<b>Diversity Status – Ongoing.</b> As SIO, provided oversight for the recruitment process for one SPM, two IO IIIs, one IO II, and three IO Is. Worked with interviewing team to select the most qualified and diverse candidates.
15%	Subtotal	Qualitative Measures		
100%	Total	Quantitative and Qualitative Measures		